



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON REGIONAL OFFICE  
FIFTH FLOOR  
803 WEST BROAD STREET  
FALLS CHURCH, VIRGINIA 22046

MAR 3 1972



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Dear Mr. Kirkpatrick:

We have examined accounts of accountable officers of the Federal Trade Commission through June 30, 1971, and the payroll and leave records through the leave year ended January 9, 1971. We evaluated procedures and internal controls relative to the receipt and disbursement of funds, including payroll and leave, and tested financial transactions and records as we considered appropriate.

In our letters to a former Chairman in July 1965 and May 1968 we noted the lack of internal audit at the Federal Trade Commission. We found that this situation continues to exist and that a recent effort by the Federal Trade Commission to obtain an internal audit staff was not successful. In this regard, the Chief, Division of Budget and Finance, informed us that funds needed to establish an internal audit staff were included in the fiscal year 1973 budget request but were disapproved by the Office of Management and Budget.

Pending the establishment of an internal audit staff, you may wish to consider assigning certain nontechnical internal audit functions to employees on a temporary or part-time basis. Certain internal audit functions, such as unannounced verifications of imprest cashier funds, do not have to be performed by professional auditors, and these verifications can provide management with assurance that imprest funds are being maintained intact. However, the internal audit functions that may be assigned to these employees should not be in conflict with, nor complementary to, their regularly assigned duties.

Our draft report on the Examination into Purchases of Furniture, Furnishings, and Interior Design Services for Executive Offices, which was furnished to you for comment on December 20, 1971, refers to the Federal Trade Commission as one of five agencies that purchased executive office furniture and furnishings not listed on the Federal Supply Schedule without obtaining permission when required from General Services Administration.

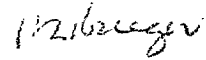
Other than the lack of internal audit and the purchase of furniture and furnishings referred to above, we found the procedures and internal controls at the Federal Trade Commission generally effective and selected transactions processed in a satisfactory manner.

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We wish to acknowledge the courtesies and cooperation extended our representatives during the review.

Sincerely yours,



H. L. Krieger  
Regional Manager

The Honorable Miles W. Kirkpatrick  
Chairman, Federal Trade Commission